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THE AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Madison

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MILITARY DOMINATES JAPAN'S GOVERNMENT

Cabinet Reorganized Upon Lines Recommended by Prominent Leaders of Army and Navy

HISTORIC INFLUENCE REVIEWED

Conflict with Civilians May Lead to Dictatorship under Militarists

The recent assassination of Ki Inukai, Japanese premier, has created a situation which may be filled with forebodings for the future peace of the Orient. The militarists are now more dominant in the Japanese government than they were before. Statesmen and politicians who have attempted to direct the affairs of the nation have been removed, either through forced resignation or assassination. The present non-partisan and non-political cabinet, under Viscount Saito, seems destined to function more in the capacity of a government bureau than a group of ministers. It may execute, but orders will come from the army. Representative government in Japan has received a serious setback. It may in time be completely replaced by a military dictatorship.

MILITARISM

It is these militarists who took matters into their own hands last fall and launched the campaign in Manchuria. They appear determined to carry through a program of expansion, believing it essential to the future of their country. It is suggested that this may lead to war with Russia with consequences impossible to predict. Things may not, of course, go so far. We cannot be certain of all the facts in the case because of the rigid censorship which has been imposed in Japan. However, we can be sure that the militarists have practically ousted the politicians and have brought the government within their complete control. How did this situation arise?

The conflict between the militarists, the men of the army and navy, and the professional politicians dates back into history. For hundreds of years prior to 1867 the country was ruled by powerful military men or war lords. In theory power rested with the emperor, but for almost seven centuries the emperors lived in seclusion, and left the affairs of the nation in the hands of a "shogun" who was the supreme war lord. The country rested on a feudal system. It was divided into fiefs or domains each under the control of a war lord who paid allegiance to the shogun and exacted it in turn from those under him, who were divided into two classes, the samurai—knights who acted as administrators and warriors for the war lords—and, at the bottom of the scale, the heimin or common people who had no power and no rights whatever.

This condition lasted until 1853 when Japan was brought into contact with the West by the visit of an American admiral, Matthew C. Perry. Not long after, the war lords, the daimyo, revolted against the shogun and removed him from power. This served to break up the country into a number of small units each under a separate war lord. To bring order out of the resultant confusion the war lords turned to the emperor. Then took place the Imperial Restoration. Emperor Mutsuhito, in 1867,

(Concluded on page 7)



THE POT AND THE KETTLE

—Talburt in Washington News

The frequent clashes between the White House and Congress characterized the month of May.

New Drive for Relief and Budget Balancing Struggle Main Events in May

April 26. Secretary Stimson called a conference in Geneva of important European statesmen but the meeting was not held due to the illness of Premier Tardieu.

April 27. President Hoover called upon governors to reduce state and local expenditures.

April 29. The Irish Dail, on the second reading, voted in favor of abolishing from the Irish constitution the oath to the British king.

May 1. General elections in France showed a swing to the "Left" in the membership of the new Chamber of Deputies.

May 2. The House of Representatives passed the Goldsborough bill, designed to raise the price level to its pre-depression figure.

May 3. The House of Representatives passed the economy bill, after having stricken out a large number of the items. Threats of civil war in China became apparent as groups of Cantonese revolutionists seized air and sea forces. California primaries resulted in a victory for John N. Garner.

May 5. In a special message to Congress, the president rebuked both houses for delaying action in balancing the budget. The armistice between Japan and China was signed in Shanghai.

May 6. The Senate Finance Committee completed its work on the tax bill after a conference with Secretary Mills. President Paul Doumer of France was assassinated in Paris. The Austrian cabinet resigned.

May 8. The president and a group of

senators conferred on economy measures, hoping to restore in a Senate bill a number of the sections of the economy bill defeated in the House. The second elections in France resulted in the defeat of the Tardieu government and the victory of the "Left" groups with Edouard Herriot as likely premier.

May 9. The German Reichstag met in a four-day session to consider financial measures.

May 10. Albert Lebrun was elected president of France.

May 11. The Democratic tariff bill was vetoed by the president. Veto sustained in the House. The Senate began its debate on the tax bill. A \$2,300,000,000 relief program was outlined in the Senate by Senator Robinson of Arkansas.

May 12. The president advanced a relief program consisting of direct aid to the needy, and additional loans by the Reconstruction Finance Corporation to private industries.

May 13. Heads of railway labor unions presented to the president a plan of recovery, consisting mainly of a proposal to adjust war debt payments.

May 15. Premier Inukai of Japan was assassinated.

May 16. The Senate defeated an amendment to the tax bill calling for the wartime income tax rates. Secretary Stimson held a conference with the president on his recent Geneva trip. Hindus and Moslems clashed in Bombay.

May 18. The Senate defeated an

(Concluded on page 3, column 3)

SENATE RUSHES WORK ON REVENUE MEASURE

Need of Immediate Action in Balancing Budget Stressed in All Parts of Country

ISSUE OVER SALES TAX REVIVED

Advocates Believe It Most Equitable Means of Raising Necessary Revenue

Congress is still struggling with one of its most difficult tasks of recent years, that of balancing the federal budget. Since the opening of the present session, both houses have been devoting a considerable share of their attention to the problem of devising means of bringing the government's receipts and expenditures into balance. Message after message has been issued by the president urging speed in passing legislation authorizing the collection of new taxes and the curtailment of expenses. In statement after statement, Mr. Hoover has impressed upon the American people the fact that a balanced budget is the most fundamental need of the country in bringing about a recovery from the business depression.

DISTURBING EFFECTS

That the delay of Congress in disposing of this matter has had a disturbing effect upon business conditions and has tended to shake confidence is indisputable. The uncertainty of the final outcome has tended to delay action on a number of other fundamental steps in the present emergency. The question of adequate relief measures for the unemployed has naturally been dependent upon congressional action on the revenue and economy bills, for political and business leaders have repeatedly stated that the financial house of the government must be put in order before a program of expenditures for relief and recovery may be undertaken.

So much has been said and written about the necessity of a balanced budget that a general wave of impatience has spread throughout various sections of the country at the apparent inaction and negligence of Congress in fulfilling its duties. There has come to prevail a general feeling that the greatest service senators and representatives could perform would be to rush their work and go home. It has repeatedly been stated that six months should have afforded sufficient time to enact an equitable tax bill and a far-reaching economy measure.

FINANCIAL CONDITION

In view of the preponderant importance of this problem, occupying as it does such widespread attention both in governmental circles and among the people at large, it is well at this time to look into the present state of affairs in regard to the revenue bill and the economy measures. In order to do this, several important features of the situation must be borne in mind. It is necessary to make an analysis of the financial condition of the federal treasury, of the conflicting views which have prevailed, and which continue to prevail, as to the most effective and equitable manner of bringing the budget into balance.

In a general way, the condition of the federal treasury has been known for some time. It has been a matter of common knowledge that the national government



TINKERING ON THE PUBLIC'S TIME

—Kirby in N. Y. WORLD-TELEGRAM

Congress has been severely criticised for delays in passing adequate tax measures. The bill was written and rewritten before it was put in satisfactory form.

has not been making its way. The various sources from which the treasury derives revenue have so shrunk with the months of depression that federal expenditures have been, during the present year, more than twice the federal income. Up to the present time, this difference, or deficit, has been made up by borrowing. And until a few months ago, it was thought by many prominent leaders that under the depressed conditions of business this was the best policy, that it would be unwise to burden the taxpayer further when his income has been greatly curtailed.

But when conditions grew constantly worse and the deficit piled up to the highest levels ever known to the country in time of peace, leaders urged that action be taken to remedy the situation in the interest of maintaining the government's financial stability. It was quite generally realized that the government could no more pursue a policy of indefinite borrowing without provoking complete financial ruin, than a private family or a business organization could. So, when the president delivered his budget message to Congress at the opening of the present session he urged drastic reductions in government expenses and additional taxes in order to balance the budget.

Thus, for the first time since the close of the World War, it became the duty of Congress to enact legislation providing for an increase in taxation. Contrary to the opinion of many people throughout the country, the budget could not be balanced solely by means of economy. New taxes became inevitable. When the president transmitted his list of estimated receipts and expenditures for the fiscal year beginning July 1 next, he stated that under existing law, expenses would be \$1,417,000,000 in excess of receipts. (This included a reduction of \$365,000,000 in expenses for next year.)

EXPENSES

Even a superficial study of government expenditures is sufficient to demonstrate that the estimated deficit for next year could not be offset by economy measures alone. More than fifty per cent of all the national government spends cannot be reduced without repudiating existing obligations. The total expenditures are estimated at a little more than four billion dollars. Of this more than one billion is allotted to payments on the national debt, the greater part of which accumulated as a direct result of borrowing to finance the World War. A reduction of interest payments on these government obligations would constitute repudiation and would have serious effects upon the national credit. Another billion must be set aside for veterans' relief. Under laws passed

during recent years, the government has made definite commitments toward the veterans and, unless such laws are repealed, payments must continue.

When Congress considers economy measures, it must perforce eliminate these items, constituting 55 per cent of the total. It must look for economy in the other groups, the total of which amounts to less than two billion dollars. Among these, the largest single item is national defense—maintenance of the navy and the army. Public works absorb about ten per cent of the total; a small percentage for law enforcement; salaries and upkeep of the executive departments; and farm relief are the other items of importance. So, in order to balance the budget by economy alone, it would be necessary practically to abolish

the army and navy, do away with the executive departments, stop all work on public buildings and roads, discontinue enforcement of federal laws. In other words, it would become almost necessary to stop the work of the national government.

ECONOMIES

True, there are a number of items which may be drastically reduced. Both houses have been grappling with this problem. They have pared off ten per cent here and another ten per cent there. In fact, the Senate has until recently been following a definite policy of reducing each appropriation bill ten per cent below the House and budget figures. But the wisdom of such action has been questioned by department heads. They have pointed out that a general reduction of ten per cent in each appropriation bill would inevitably lead to the discharge of thousands of government workers and endanger the efficiency of government service. Further action on economy is pending the outcome of a special committee in the Senate now working on a scheme of curtailment.

In its budget-balancing struggle, Congress is counting on wide-scale economies. But the accomplishment of these is not possible in a week's time. A special economy bill, designed to save more than \$200,000,000, was so badly mutilated in the House that the bill as finally passed provided for the saving of only \$38,000,000. One of the major items of the bill—a reduction in the salaries of government employees—serves as an excellent example of the difficulty in reaching an agreement on such economy proposals. But the president and Congress are still hoping to find a way of effecting economies to the amount of several hundred million dollars. There is this gap between the estimated yield of the tax bill and the estimated deficit for next year.

HOUSE ACTION

Approached from the other angle—that of providing new taxes—the task is no less complex. After weeks of hearings and deliberations, the House Ways and Means Committee brought forth a revenue bill which would have balanced the budget. The two major items of the measure were a sharp increase in the income tax rates and a general manufacturers' sales tax of two and one-fourth per cent. The income tax sections were passed with comparative ease. But the so-called sales tax, designed to produce the bulk of the revenue, proved to be a veritable snag. Although supported by the leaders of both parties, the tax went down in defeat at the hands of a coalition of Republicans and Democrats who broke away from party leadership.

As a result, the Ways and Means Committee was faced with the necessity of re-

drafting the bill. It eliminated the sales tax by providing a number of excise or "nuisance" taxes—a special levy on radios, automobiles, furs, cosmetics, jewelry, candy and others. Then, the House turned the bill over to the upper branch of the legislature. The Senate Finance Committee went over the House bill item by item, heard complaints of those opposed to the taxes contained therein and made whatever changes it agreed upon. During those weeks, sections of the bill were changed and rechanged. Finally, Secretary Mills appeared before the Committee and the entire measure was practically rewritten. The final result was that the Senate Finance Committee presented a bill very similar to that recommended by former Secretary Mellon during the opening days of Congress in December.

SENATE ACTION

In many respects, the debates in the Senate have been similar to those which delayed action in the House. A large group of senators was opposed to the measure as it was brought forward by the Finance Committee. The first major controversy arose over the income tax provisions. Members urged that the rates imposed by the original bill were not sufficiently high and thus made an attempt to amend the bill so as to insert the rates which prevailed during and following the war. But they were defeated. And other delays were experienced over the four tariff items written in the bill. The Senate, however, held fairly closely to the recommendations of the committee and accepted the major items of the bill.

But as the vote on the special excise or "nuisance" taxes was imminent, the advocates of a general manufacturers' sales tax in lieu of the special excises, began mustering their forces. It was their contention that in the emergency—since the income tax, however high it might be, would prove insufficient to balance the budget—the only equitable tax would be one discriminating against no special industry. They pointed out that the numerous excise taxes were in fact sales taxes. But the bill did not provide for a uniform rate of taxation upon all products. One rate was to be charged upon automobiles, another upon tires, a different rate of taxation upon other products such as furs, jewelry, sporting goods and the like.

They desired to substitute a general tax upon all products except food and clothing, farm produce, agricultural implements and other items considered as necessities of life. During the past week or so, they have worked relentlessly to secure the enactment of this measure. Added impetus has been given to their movement by reports from various quarters that the original bill, even if every item were accepted, would provide insufficient revenue to balance the budget. Senator Reed of Pennsylvania, one of the advocates of the sales tax, told members of the Senate last week:

VARIOUS ESTIMATES

After making economies of some \$300,000,000, after passing this (the Senate tax) bill with all the additional taxes it imposes, after ignoring the sinking fund upon our national debt, we still are going to be short of income in the next fiscal year, according to the best information I can secure.

Other estimates have fixed the discrepancy between the estimated revenue from the new taxes and the deficit for next year at a higher figure. The figures have already been revised from the original statement of the president. In February, Secretary Mills reported that the deficit for next year

would be larger than was believed and that \$1,241,000,000 would have to be raised instead of \$920,000,000. (These estimated deficits do not include payments on the national debt except interest charges.) Now, members of the Senate are insisting that the secretary of the treasury submit new estimates. They insist that the exact amount needed must be known before final action is taken.

All these questions have been of major importance in delaying final action on the tax bill. First, the necessity of the re-writing of the bill by the Ways and Means Committee of the House after the defeat of the sales tax; second, the delays in the Senate Finance Committee due to the failure of members to agree upon all sections of the House bill after hearing the testimony of parties interested; third, the debates on the floor of the Senate over such controversial items as the income taxes, the tariff items and the special excise levies; and finally, the uncertainty as to the actual amount needed to balance the budget caused by the different estimates of the deficit—these have been the salient developments in the budget-balancing struggle.

That there has been considerable political maneuvering in Congress is of course undeniable. Many members have had their eye fixed on the coming elections and their principal desire has been to insist upon a tax bill which would prove least offensive to their constituents. Sectional interests have in those cases outweighed national interest and have resulted in confusion and delay.

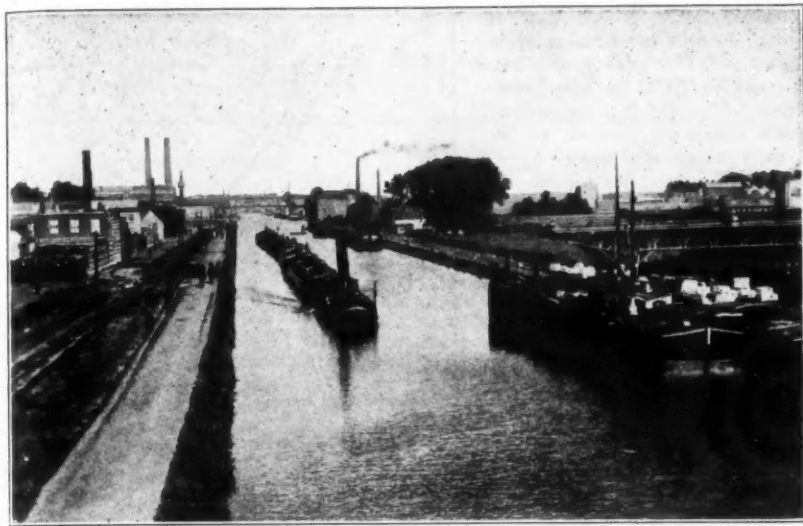
But public opinion has gradually been shaping itself into an insistent demand for definite action so that further delays are not anticipated. The president has, during the past week, conferred with leaders of both parties in the Senate in an effort to secure their cooperation for the final disposition of the revenue bill and immediate action on an adequate program of economy. And, as has often been demonstrated in the past, Congress is capable of haste when general pressure is brought to bear upon it. Once action is taken in the Senate, it does not usually require a great deal of time to adjust its difference with the House by means of a joint conference made up of members from both houses. What the final outcome will be cannot be predicted, but it is fairly certain that Congress will not adjourn until it has provided for a balanced budget—at least as nearly balanced as possible—for the next fiscal year. It is not expected that the Senate will lose much time in agreeing on further measures in view of the pressure being exerted upon it. (For later Congressional action on these measures, see page 4.)



A SLIGHT INTERRUPTION

—Brown in N. Y. HERALD-TRIBUNE

Those who come to the defense of Congress point to the enormity of the problem of passing an extensive revenue measure. They claim progress had to come slowly.



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THE ANTWERP CANAL, WHICH UNDER DIFFERENT NAMES RUNS THROUGH HOLLAND, FRANCE AND BELGIUM

Correspondent Tells How Belgians Are Divided Over French-Flemish Language Problem

A few weeks ago we quoted from a letter sent us by a correspondent in Belgium. It contained some very interesting information about the language problem in that country, of the conflict between Flemish and French for supremacy. Our correspondent has written a second letter enlarging upon this subject, the pertinent sections of which follow:

"Before the war Flemish was the language spoken by the peasants, workmen and lower middle classes in Flanders. The pronunciation varied considerably in different districts. The upper classes (with a few exceptions), though of Flemish race and differing considerably in appearance and manners from the Walloons, had adopted the French language, probably during the time when Belgium belonged to France. Many of the bourgeoisie spoke it through snobishness because it was the language of the higher classes. This created a type of Belgian which is exceedingly common, a Flemish middle class man who speaks French with an atrociously bad accent. Anyone wishing to go to the universities had to speak French as no classes were given in Flemish in those days. Before the war the political parties were the Catholics, in which there were some Flemish representatives, the Liberals and a small Socialist party.

"I have just been talking to a dear little man, a clerk from the law courts. He was telling me that when he first came to the courts everything was done in French and as I knew he was a true Fleming, I asked him about the beginning of the Flemish movement because I wanted to be able to tell you as accurately as possible. I was under the impression that it started among the soldiers during the war, but he said it began before the war. But we had no leaders, no political leaders, only one or two Flemish representatives just before the war started. During the occupation, we in Belgium heard of the Flemish movement at the front, but the news was exaggerated, really it was only a group of intellectuals. After the armistice we expected all the soldiers to come back full of enthusiasm for the Flemish cause, we had a lot of little flags with the Lion of Flanders on them, all ready, but, he added rather sadly, they weren't used. 'Oh! Madame, it is so difficult to educate a people. You must notice, coming from England, how backward we are. Culture is not only a matter of language, it is—what is culture?' And he became very philosophical. Anyway—the Flemish soldier suffered unjustly because (especially at the beginning of the war) he was commanded by officers who spoke French and he often ran into unnecessary danger because he could not read the notices in the trenches or understand what was said to him. He could probably understand the German officers better than his own. He felt no particular love for France and rather felt he was

fighting someone else's battles. The Flemish soldiers realized that they were more numerous than the Walloons and that they had to bear the brunt of the fighting for a state which continued to consider them as inferiors.

"In occupied Belgium the Germans did all they could to awake a spirit of revolt against the Belgian state. The Flemings who worked with the Germans to do so, are called activists.

"After the war the system of plural voting in Belgium was abolished. This made a great change in the different political parties. The Socialists gained a great deal. It is now nearly as big as the Catholic party. The Liberals lost heavily. The Liberal party is now quite small but it is still powerful because the Catholic and Socialist parties being nearly the same size, there is always a coalition government with the Liberals. The Liberals are anti-Flemish, militarists, highly patriotic and still seem to hate the Germans. They are most numerous in Brussels. The Catholic party became much more Flemish, but the Frontiers party, now called the Flemish Nationalists, continued on its own and wouldn't join the Flemish Catholics. One of the differences between the Frontiers (Flemish Nationalists) and the Flemish Catholics is that a Fronter is Flemish first and Roman Catholic afterwards whereas a Flemish Catholic is Catholic first and Flemish secondly. The motto of both parties and all the Flemish movement is 'In Vlaanderen, Vlaamsch, in Flanders, Flemish.' Besides doing away with French, their aim is to educate the people and form a Flemish aristocracy.

"If after the war the upper classes had admitted that the Flemish had been unjustly treated in the past and set about mending matters all would have been well, but instead anyone who was of Flemish opinion was considered an activist. This opposition made the Frontiers become much more extreme than they were at first. They found there was nothing to be gained by being part of Belgium, they would have an independent Flanders, some would join with Holland again and talk of a greater Netherlands.

"Meanwhile, but after too much delay, laws have been voted which have at any rate improved the situation. In 1930 the University of Ghent was made entirely Flemish. The communal administration in Flanders has to be in Flemish too, now. I don't know much about the other laws except that they didn't seem to satisfy anybody. I think most French speaking people would admit the equality of the two languages in Flanders but the Flemings want Flemish only; French to be learned in schools as a second language just as one might learn it in England or America.

"At the present moment the government is discussing the language question with

regard to the schools and the Liberals threaten to withdraw from the government if the Flemish ministers won't give in, so we may have dissolution and new elections. It would be interesting to see how much the Flemish Nationalists have gained in strength since the last elections. I have been told that nearly all the Flemish youth is Nationalist rather than Catholic. Nationalism is not approved by the Cardinal and higher clergy but many of the lower clergy are secretly in sympathy with it."

MAY CHRONOLOGY

(Concluded from page 1)

amendment to legalize and tax beer containing 2.75 per cent alcohol.

May 19. A special committee of twelve New York bankers and industrialists was appointed to assist in restoring prosperity. The Irish Dail passed the bill abolishing the oath of allegiance.

May 22. Viscount Makoto Saito was named new premier of Japan.

May 23. The House defeated a bill calling for the legalization of beer. The Senate voted the four tariff items—lumber, copper, oil and coal,—into the revenue bill. Uneasiness in Danzig as reports were issued that Polish groups were planning to seize the city.

May 25. The Democratic relief proposal was completed and presented to the Senate.

May 26. Speaker Garner, after conferring with Democratic leaders of the House, made public his \$2,100,000,000 relief program. Advocates of the sales tax in the Senate prepared to make a fight to secure its passage.

May 27. In a sharp statement, the president attacked the Garner relief plan as a "gigantic pork barrel."

May 30. The president conferred with senators on taxes and economies in an effort to rush pending measures. Chancellor Brüning and his cabinet resigned from office after a disagreement with President von Hindenburg over internal policies.

May 31. President Hoover delivered a message to the Senate in person urging immediate action to balance budget. Senate passed tax bill.

ROOSEVELT'S STRENGTH

Most of the state presidential primaries are now over. As the delegates to the Democratic national convention go to Chicago, Governor Franklin D. Roosevelt will command the largest number of votes. His supporters

are claiming a majority for him, although his exact strength will not be known until the convention meets. However this may be, members of the Roosevelt camp are striving to direct the convention in such a way as to secure the nomination of their candidate on an early ballot. If it becomes evident that this is impossible, they will, according to a report last week, seek to change the rule of the Democratic Party which provides that a candidate must receive two-thirds of the votes in order to be nominated. Should the Roosevelt supporters enter the convention with a majority, they would be able to do this.

It does not appear however that they will resort to these tactics, unless there is indication of a deadlock. And there is of course the possibility that some of the delegations, even though pledged to Roosevelt, may be unwilling to vote for the abrogation of the two-thirds rule.

THOUGHTS AND SMILES

As a moth gnaws a garment, so doth envy consume a man.
—ST. CHRYSOSTOM

An executive advertises in a New York newspaper for a secretary with small feet. Office space in the big city is expensive.—LIFE

An increasing number of women are taking up the law. But the majority will still continue to lay it down.
—LONDON SPORTING AND DRAMATIC NEWS

It is generally admitted that the tuition fees in the School of Experience are too high.
—BOSTON TRANSCRIPT

A critic declares that a talkie commentator often spoils a film. Especially the one sitting in the seat behind.
—LONDON HUMORIST

Now, when a large number of persons have discovered for the first time in their lives that they have to work for a living, they can't find any work.
—COLUMBUS OHIO STATE JOURNAL

History repeats itself. The fronts of automobiles are coming back to the old cow-catcher idea on locomotives.
—PHILADELPHIA INQUIRER

The outstanding optimist of the times is the wife who goes through her husband's pants pockets.
—LOS ANGELES TIMES

How can we be expected to understand French politics when they call M. Herriot's Liberals "Radical Socialists."
—WASHINGTON POST

We suppose most of the metropolitan newspapers are calling their war correspondents home from abroad in readiness for the Democratic convention.
—COLUMBUS OHIO STATE JOURNAL

Machines to predict earthquakes are said to be in the making, but the politicians would be more interested in devices to foretell land-slides and tidal waves.
—BOSTON TRANSCRIPT

The best thing which we derive from history is the enthusiasm that it raises in us.
—GOETHE

PRONUNCIATIONS: Franz von Papen (frah'nts fon—o as in go—pah'pen), Malaise (mah-lay-zee), Henri Fauconnier (ahn—n scarcely pronounced—ree fo-co-nya, first o as in go, second o as in or, a as in ate), Malay (mah-lay), Shogun (show-noon), Samurai (say-muh-ri—i as in time), Heimin (hay-mein), Daimyo (dai-mee-o—i as in time), Mutsuhito (muh-tuh-hee-to—o as in go), Minseito (min-say-to—o as in go), Seiyukai (say-you-ki—i as in time).



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THE CITY HALL OF BRUSSELS

The tower of this interesting building was completed in 1453.

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WEDNESDAY, JUNE 8, 1932

REVIEW OF THE WEEK

FOR the first time during his administration, President Hoover on May 31 delivered a message to a branch of Congress in person. The president intervened personally in the confusion in the Senate resulting from the proceedings over the tax bill. The object of his visit was to urge haste upon senators in enacting legislation adequate to balance the budget. In the opinion of Mr. Hoover a serious emergency had arisen which placed upon him the responsibility of presenting the facts before the Senate.

The president has for some time been deeply concerned over the fate of the tax bill. He has in numerous statements and messages attempted to impress upon Congress the need of immediate action in balancing the budget in order to prevent a further business recession and to enable the forces of recovery to get under way. Prior to his personal visit to the Senate, he had held several conferences with leaders of both parties in the upper house.

In his address Mr. Hoover laid stress upon three things—revenue, economy and relief. He recommended the enactment of a general manufacturers' sales tax in order to provide sufficient revenue to balance the budget. He pointed out that this levy would be sufficiently broad in scope to insure the government the necessary funds. In the matter of economy, he restated the position he had previously taken, namely, that government expenses must be cut by several hundred million dollars. Mr. Hoover then outlined very clearly his position on relief for the unemployed, holding that action must be taken on this matter before the adjournment of Congress.

While it did not appear likely that the Senate would concur to the president's request for a manufacturers' sales tax, there was little doubt after his message that the budget would be balanced. The work on the bill was nearing completion early last week. After going over the items contained in the measure presented by the Finance Committee, it was found that an additional \$285,000,000 would have to be raised. The Senate provided for part of this sum by increasing the income tax rates. It reversed its decision of the week

previous by accepting, 86 to 3, the Connally amendment providing for a maximum rate of fifty-five per cent. These rates were in force in 1922.

Secretary Mills conferred with members of the Finance Committee in an effort to devise means of raising the additional revenue. The secretary of the treasury recommended the sales tax but in case it was not acceptable to the Senate suggested a tax of one cent a gallon on gasoline and a levy on amusements of ten cents or more. After the president's message, the Senate passed a bill adequate to balance the budget. It adopted the gasoline tax but defeated the sales levy.

COMPLYING with the request of the president and leaders of the Senate, the recently appointed economy committee of the upper chamber worked continuously last week to devise economies amounting to more than \$200,000,000. It is expected that the question of slashing this sum from the government's expenses will be the next major issue to be debated on the floor of the Senate. It is scheduled to be presented as soon as disposition is made of the revenue bill.

The first important recommendation to be made by the committee was a ten per cent reduction in the salaries of all government employees. Members of the special committee stated after agreeing upon this item that they would stand for "a straight ten per cent cut with no exemption." It will be recalled that an eleven per cent reduction was included in the House Economy bill but was defeated by a large majority. The House agreed to reduce the salaries of only those employees whose annual wage amounts to \$2,500 or more.

BELIEVING that definite international action should be taken toward the "restarting of world commerce," Prime Minister Ramsay MacDonald last week urged that the scope of the Lausanne conference be broadened so as to include not only debts and reparations but the whole field of tariffs, embargoes, quotas and other restrictions to trade. Mr. MacDonald pointed out that the intricate network of these barriers is virtually stifling international trade and has practically brought it to a standstill. In his opinion, no more excellent opportunity to face this issue will be afforded than the Lausanne conference, since leading statesmen of the major European powers will be in attendance.

The prospects for success at the Lausanne parley, which is scheduled to convene a week hence, do not seem bright. Despite the five-month period of respite afforded by the postponement of the meeting, few preparations have been made. While individuals in the interested countries have brought forward policies which might lead to agreement, the governments in power are going to Lausanne with views and objectives decidedly at odds. The German delegation will adhere firmly to the policy so often repeated by former Chancellor Brüning, namely, that Germany can no longer pay reparations. The French remain unalterably opposed to cancellation unless the United States makes equal concessions in the matter of war debts. And the American government will have no representatives at Lausanne. It is expected that the English will serve largely as mediators between the Germans and the French.

ALMOST on the eve of the Lausanne conference on reparations, the German cabinet headed by Heinrich Brüning, resigned from office. The resignation was forced by President von Hindenburg who, after conferring with the chancellor, found himself in disagreement and accepted the resignation of the entire cabinet on May 30. The disagreement between the two statesmen arose over a question of internal

policies. Herr Brüning, who for many months has been enjoying practically dictatorial powers, met opposition from the aged president in his desire to promulgate new emergency decrees to increase taxes and to provide homesteads for the unemployed by dividing among them the large agricultural estates.

The course pursued by President von Hindenburg in forcing the resignation of Herr Brüning was unprecedented in German politics. As a general rule, a cabinet is driven from office only through its failure to receive the vote of confidence of the Reichstag, lower house of the German parliament. The Brüning cabinet had, however, received the necessary vote in the Reichstag only three weeks before. It was felt certain under the circumstances that no changes would be made at least until after the Lausanne conference.

However, Dr. Brüning had been meeting with bitter opposition from many political parties for some time. His policy of governing by means of emergency decrees rather than by the action of the Reichstag had been sharply criticized. It is apparent that President von Hindenburg had become opposed to this policy, believing that the Brüning government no longer represented the will of

the people or their representatives in the Reichstag and that the more democratic form of government should once more be established.

This political upheaval has naturally tended to throw Europe into a state of confusion. In France the news of a cabinet change was generally received with uneasiness lest the Hitlerites be placed in power and adopt an aggressive foreign policy. It does not appear likely, however, that a Nazi government will be formed. Although the president conferred with Adolf Hitler shortly after the Brüning resignation, members of his party are said to be unwilling to participate in the government until they have a majority, or a clear mandate from the people to direct the affairs of Germany. For this reason, the Hitlerites are urging the dissolution of the Reichstag and general elections. They believe that the cabinet formed to succeed that of Chancellor Brüning will be short-lived.



© H. Miller

HEINRICH BRÜNING

The head of the new cabinet will in all probability be Franz von Papen who was asked by President von Hindenburg to organize a group which could remain in power until fall. Herr von Papen is a former diplomatic representative to the United States. He was military attaché in Washington during the early part of the World War.

THE House Ways and Means Committee began hearings on the Garner relief bill early last week. The speaker appeared before the committee as the first witness in favor of his bill. He did not go into the details of his measure but appeared principally for the purpose of outlining his policy and impressing upon the committee the need of action in providing relief to the unemployed. The chief features of his bill—which provides for a total expenditure of more than two billion dollars—are first, an emergency fund of \$100,000,000 to be turned over to the president; second, \$1,000,000,000 to be loaned to states and private corporations for relief projects such as construction enterprises to provide employment (these loans to be made through the channels of the Reconstruction Finance Corporation); third, an appropriation of \$1,000,000,000 for public works undertaken by the government. The speaker included in his bill a list of the specific works which are scat-



FISHERMAN'S LUCK

—Talbot in Washington News

tered throughout the country and include such construction as post offices.

Scarcely had the Garner plan been made public than it met with a storm of opposition from the administration. First it was attacked by Secretary Mills. Then the president issued a statement the terms of which were probably the most violent he has used since assuming the presidency. The particular feature of the Garner bill attacked was the third section providing for a billion-dollar public works program. Mr. Hoover denounced the plan as "the most gigantic pork barrel ever proposed to the American Congress," and as "an unexampled raid upon the public treasury."

It is held by the president that the 3,500 projects listed by Speaker Garner would, a large part of them, constitute great extravagance, the expenditure of huge sums of the government's money on works not needed. He believes that it would be extremely unwise to take such action at a time when all possible efforts are being bent toward the balancing of the budget.

Mr. Garner does not appear to be deterred by such opposition. He has secured considerable support from Democratic members of the House. Representative Rainey, Democratic floor leader, will lead the fight when the bill reaches the floor of the House. Democratic members of the Senate, however, do not appear to be so pleased with the Garner proposal. They have been laying the foundation for speedy action on their own plan which differs widely from that brought forward by Mr. Garner.

A GROUP of more than five hundred veterans of the World War arrived in Washington last week and expressed their intention of "camping" there until Congress passed legislation authorizing the payment of their certificates in full. Most of the group came from the Pacific coast, while part of it was made up from states along the way. The ex-soldiers had crossed the continent in freight cars, trucks and other means of transportation put at their disposal. While the Washington police force was confronted with the task of providing food and shelter for the veterans, and while members of Congress were expressing fear lest great throngs of unemployed storm upon the capital demanding relief, reports from other sections of the country indicated that other caravans of veterans were en route. One group from Cleveland, another from New Orleans and one hundred truck loads from Nevada were reported to be directed toward Washington last week.

The head of the Washington police held that it was the duty of the government to pay their expenses during their "visit." Accordingly, Senator Costigan of Colorado introduced a bill in the Senate providing for the appropriation of \$75,000 for this purpose. The veterans were preparing to make visits to every member of Congress in an effort to secure legislation for full payment of the bonus.



IT ISN'T THE TASTE—IT'S THE SIZE

—Detroit News

THE LIBRARY TABLE

STUDIES OF OPINION

XIV

There are three articles in the June issue of *Harper's Magazine* which treat of subjects foremost in the minds of people today, and which help clarify some of the topics of daily discussion. The first deals with a dominant issue in American politics, prohibition. The author, Stanley High, is himself a dry, the son of a state superintendent of the Anti-Saloon League, but he takes a realistic view of the problem and appraises the dry position. That he is dissatisfied with this position is evident in the title of the article, "A Dry Warns the Drys." He says in part:

I still believe that it is possible for society to rid itself of the liquor traffic. But if this is done it will be because some new arguments have been devised and some old ones abandoned. It is probably possible to convince the public that the perpetuation of this traffic is a social liability. It is no longer possible to persuade a whole generation that the use of liquor is a personal sin. People may still become total abstainers, but for large numbers of them it will be on the advice of a physician, not of a clergyman, and for fear of what liquor will do to their livers, not to their souls. The alcoholic charts that enlivened the hygiene classes of our youth could still be made to serve a modern purpose. But the anti-liquor sermons of the same period, to be effective today, would need a general overhauling. The old trail that led, inevitably, from the first drink to the drunkard's grave is not as plain as it once was. There are too few drunkards and too many people who are, and with apparent safety remain, moderate drinkers. Latterly, the consumption of liquor has come to be widely classed with some other things—coffee, tobacco, rare meat—the use of which requires a measure of caution.

The second is concerned with the problem of man and the machine. Has the introduction of the machine been to the detriment of mankind from a social point of view? Has it deprived man of the opportunity of using his creative instinct and has it tended to standardize him? George Boas analyzes these questions and comes to the conclusion that the machine has not standardized man for the simple reason that man has always been standardized. In his article, "In Defense of Machines," he states:

It will be said that the old machines, actuated by human muscles rather than by steam or electricity, at least helped a man's creative power. Friends of the machine are constantly being told that hand-weaving is creative whereas machine-weaving is not. The old

French artisan, we are told, lived a life of creativity; he stamped things with his own individuality; he projected his personality into his products. The modern American factory hand is passive; he makes nothing; his product is standardized. This, within limits, is true of the factory hand. But it is also true of the artisan. He had certain styles and patterns which he reproduced endlessly, as our great grandmothers reproduced world without end the same old quilting patterns. That man's products have always been standardized is proved by archeology and the history of taste.

Lastly, Reinhold Niebuhr writes about the paramount problem facing America today—depression and the future for this country. In his opinion there are but two alternatives in store for us, as he heads his article, "Catastrophe or Social Control?" He has this to say about our present "political incompetence" with regard to unemployment:

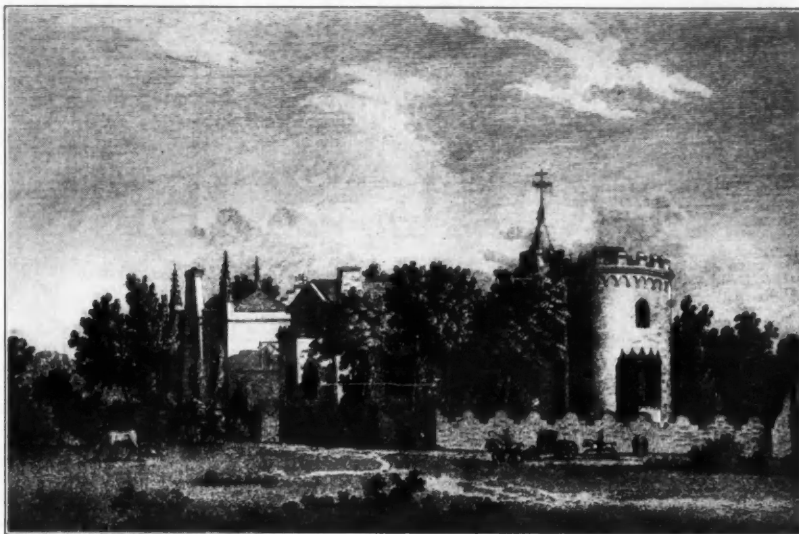
... For a third winter we have faced the horrors of unemployment with nothing but private charity and municipal taxation to provide resources for the mitigation of the sufferings of the unemployed. The sentimental appeals of the President's commission to "give more than you can afford" have yielded a sum for the relief of more than ten million unemployed only one third as large as Britain raises by taxation for two and a half million of her workless population. We have not learned the very simple and obvious lesson that only taxation coercion can produce the revenues necessary for such a crisis.

A FICTIONIZED DICTATOR

To the relatively long list of books dealing with that political figure of the post-war period, the dictator, an interesting work of fiction has recently been added by George Slocombe, the British journalist. "Romance of a Dictator" (Boston: Houghton Mifflin Company, \$2.50) is the story of a powerful dictator who gains control of one of the countries of Europe. The iron hand with which he rules his subjects, the objects he sets out to obtain for his country and the political intrigues which surround him are woven into a story of love and adventure which at times becomes slightly far-fetched and over melodramatic.

After the first few pages of the book, it becomes apparent that the hero, Hannibal, is no more than a fictionalized Mussolini and that the country, Thalia, is present-day Italy. Mr. Slocombe has built his story partly upon fact but more upon the free play of a fertile imagination. Prior to the World War, Hannibal has been exiled from his country because of his anarchistic views. In London he meets with revolutionaries of different European countries. But when the war is declared, he returns to his country and reverses his ideas completely. He prevails upon the government to take sides with the Allies. It is during the post-war period that we see his rise to power, his march on the capital of Thalia and the instigation of a strict dictatorship.

Up to this point, the major events bear a clear resemblance to the Fascist movement in Italy. But with the development of a love affair between Hannibal and the young Thalian princess, Elena, the plot becomes far removed from actuality or even probability. It is interesting, however, to follow the course of events leading up to the overthrow of the dictatorship, the exile of the dictator and his royal wife, his wanderings in other



STRAWBERRY HILL—COUNTRY HOME OF HORACE WALPOLE

An illustration from "The Life of Horace Walpole," by Stephen Gwynn (Houghton Mifflin).

parts of the world, and his final return to power in triumph.

As a novel, this book does not rank among the most carefully developed. But in its exposition of the political theory lying back of the philosophy of dictatorship, Mr. Slocombe has shown real art in presenting this philosophy in such a way as not to burden the reader and not to deviate from his real objective, entertainment. In that respect, he succeeds completely, for "Romance of a Dictator" is highly entertaining. There is not a dull moment in it and the author displays real talent in the use of words.

18TH CENTURY ENGLAND

The eighteenth century was a brilliant period in the history of English literature. It was then that prose writing began to flourish with such men as Dr. Samuel Johnson, Henry Fielding, Lord Chesterfield, Lawrence Sterne, Joseph Addison and Richard Steele decorating the scene. It was a time of good living, high manners, literary excellence and colorful personalities.

One who certainly deserves to be classed among the interesting personalities, although perhaps not among the great writers of the period, is Sir Horace Walpole, a rather eccentric figure who graced English town and country life of the time, all the while observing and setting down his impressions in letters to his friends. These letters are his chief contribution. They throw much light on eighteenth century England, on their author and his contemporaries. A great number of them have been preserved and fill eighteen volumes in one edition and nine in another.

Stephen Gwynn has gone through this mass of correspondence in an effort to discover the man, Walpole. The results of his studies have made a book, "The Life of Horace Walpole" (New York: Houghton Mifflin Co., \$4.50). While the author is interested primarily in Walpole himself, throughout the portrayal there is to be found much comment about the period in which the famous letter writer lived. Such comment comes principally from the letters of Walpole which are quoted frequently but briefly.

Sir Horace Walpole was not an exciting personage. He was unusual and in many ways an interesting character. His life was not particularly eventful. He was the son of the famous prime-minister, Sir Robert Walpole. When a young man he made a tour of Europe with the poet Gray, who for a time was one of his best friends. He returned to England, entered Parliament and built a grotesque country home which he called Strawberry Hill. He formed curious friendships with women considerably older than himself. All this was Horace Walpole. Mr. Gwynn has told his story well and his book will appeal to those interested in the England of the eighteenth century.

LIFE IN MALAYA

Few recent French novels have received such wide acclaim in France and this country as Henri Fauconnier's "Malaisie" (New

York: Macmillan Company, \$2). The novel, which is the author's first, was awarded the annual prize of the Goncourt Academy, often spoken of as the second French Academy, in 1930. It was chosen because of the unusual nature of the subject, the unconventional manner of treatment, and the understanding with which the author sounds the depths, mental and spiritual, of the Malay character.

It was after a sojourn of many years in British Malaya as a rubber planter that M. Fauconnier wrote "Malaisie." The picture which the author portrays of that queer and fascinating corner of Asia is one of vividness and clarity. Mr. Fauconnier has transplanted himself not only physically but spiritually and temperamentally as well into the way of living of the Malays. One of his apparent objects in writing the book was to bring to Western minds a thorough understanding of the Oriental character as he learned to know it through his contacts with the Malays.

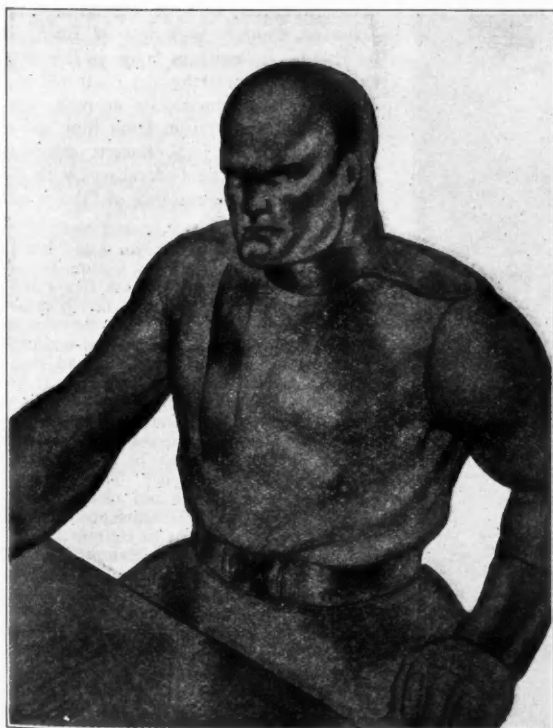
"Malaisie" is not a stiff and unreal book of description of the geography and inhabitants of a foreign land. True, the author goes into some detail in elaborating upon the jungles, the life on a rubber plantation, the mode of living of the coolies, the characteristics of the British owners who assemble from time to time in the city, and many other sidelights of extreme interest. But he goes much deeper into his subject than a mere recital of events or word picture of landscape. He endeavors to show how the Malays envisage life, the profound influence of the supernatural upon their character and the complete aloofness of their philosophy from the Latin or Anglo-Saxon viewpoint.

Some of the most delightful sections of the entire book are those devoted to an account of the conversations of the two principal figures, the narrator and his friend, another Frenchman whom he met in the trenches and who instilled within him the desire to visit British Malaya. There is something delightfully refreshing about the entire atmosphere and treatment.

TEN THOUSAND

Readers in this country who enjoyed the two renowned works of the German author, Erich Maria Remarque, "All Quiet on the Western Front" and "The Road Back" will find a similar work by an American writer, David King, extremely interesting. "Ten Thousand Shall Fall" (New York: Duffield and Company, \$2.50) was first published about five years ago, but because of its wide acclaim in both this country and England, has gone through several editions.

In many respects, this work is inferior to the two war stories of Remarque. Its organization is not of the highest order. Excerpts from letters written at the front, snatches from the author's diary, cemented together by a running narrative, form the general make-up of the work. But the redeeming feature is that the author never loses his delightful sense of humor which lends color to a book which otherwise might be extremely depressing to the sensitive reader.



From the jacket cover of "Romance of a Dictator," by George Slocombe (Houghton Mifflin).



DURING the months from September to June we have followed a definite plan with this social science backgrounds page. We have gone through the periods

**Past
Presidential
Campaigns**

of American history chronologically. Our purpose has been to keep abreast of classes which might be studying American history. We have been concerned with finding those phases of past problems or developments which have present significance. Our whole thought has been to assist our readers to develop a sense of historical perspective—to see the permanent character of past problems and to become acquainted with the historical backgrounds of present issues.

During the summer we will alter our program somewhat and will develop our discussions around the important political campaigns. We are now in the midst of a presidential campaign and it may help us in our study of its significance if we turn our attention to some of the great party contests of our history. In the course of these studies we may witness the development of some of those larger issues which have played a great part in our national politics.

We shall begin with one of the very significant early elections—the so-called “revolution of 1800.” Party politics by that time was firmly established. The government was not at first a party government. Parties had not been formed in clear cut outline when Washington assumed the presidency. There had, indeed, been divisions of a fundamental nature during the period of the Articles of the Confederation, and they showed themselves in the Constitutional Convention. But party organizations were lacking.

When the government organized in 1789, the men in charge were the ones who were responsible for the establishment of the Constitution. They were conservatives. They were the strong government men who had combated the localisms of the Confederacy period and had created a national government. These supporters of the new order soon came to be called Federalists.

The Federalists, who controlled the government for the first twelve years of its existence, carried out a comprehensive program of legislation. They had established national credit by providing for the payment of the national debt at par and by having the national government assume the debts of the states. This policy was hotly debated and it divided the country into hostile camps. The business, commercial and banking interests favored the Hamiltonian scheme for the payment of the national debt at its face value, that is, the paying off of the government bonds at par and the assumption of the state debts. Such action put the new government on a sound basis. It put the government in a position to borrow money to establish credit.

At the same time it did enrich many men. Investors had bought up government bonds, when they seemed unsound and when it appeared probable that they would never be paid off. The bonds were then low in value and were bought up cheaply. Many of them were purchased by speculators. In many cases they were purchased from men who had paid a good price for them and had become impoverished by their fall in value. The decision of the government to redeem them dollar for dollar enriched speculators and enraged

those who held no bonds but who would be obliged through the payment of taxes to help in the enriching of speculators. The same conflict of interest is to be seen in the contest over the assumption of the state debts. Those who held the obligations of the states wished them to be paid by the national government and to be paid at par. Those who did not hold these obligations opposed the policy of payment, for it would do nothing for them except to increase their taxes.

There was a division of the population, therefore, on lines of interest. On the one hand were business and commercial interests, who were large holders of state and national securities and who also had an interest in the establishment of national credit.

On the other hand, were the farmers who held the securities, who were not primarily interested in national credit, but who were anxious to avoid heavy taxation. The business interests looked upon the farmers and those who represented them as being radicals whose ideas were dangerous to sound government. The farmers looked upon the business men and their leaders as selfish interests who were controlling the government in an oppressive way.

The Federalists, representing commerce and industry, not only determined upon the payment of the national debt at par and the assumption of the state debts, but they carried through a consistent program in keeping with these measures. They established a national bank. They placed a tariff on foreign imports. They raised

money by the imposition of excise taxes.

It is natural, then, that after a while those who opposed the Federalist, or Hamiltonian, program, should come together and form a party group. Their leader was Thomas Jefferson of Virginia, who was secretary of state under Washington, but who was not in sympathy with the Hamiltonian theories and practices.

The differences between the parties was widened by the emergence of an international issue. About the same time that our

government was organized, the French Revolution broke out, and after a while it took a radical course. Monarchy was overthrown and a republic was established.

The French revolutionists went to war with the conservative nations of Europe, including England. This produced a state of excitement throughout the world similar to that which we might experience today if revolutionary Russia should make war upon the other nations of Europe in an effort to spread Communism over the world.

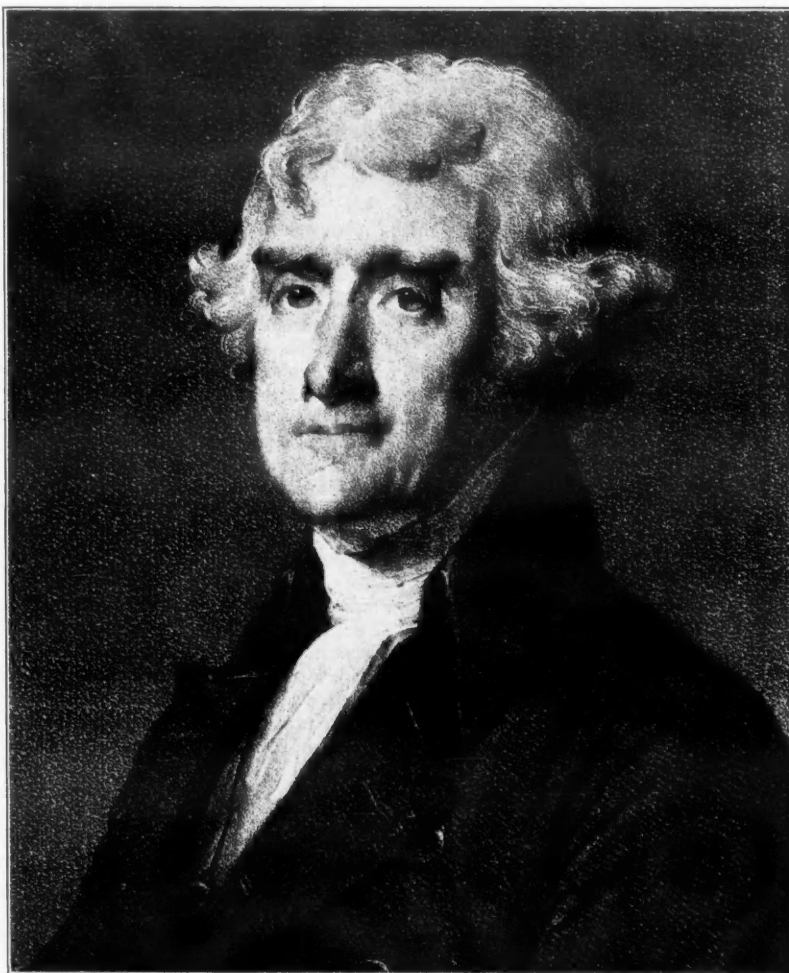
The problem was rendered the more serious in our early history by the fact that we had an alliance with France. That country had helped us win independence, and we were committed to help her if she should be attacked by another nation. This raised the issue as to whether or not America should support France and the cause of republicanism. Many Americans believed that our country should help the French. This sentiment was strong among the farmers because of their greater devotion to democracy. The commercial interests, however, looked with alarm upon

the revolution. They were friendly to England. Furthermore, they were anxious to avoid war, so we have the Federalists refusing to aid France and framing an unpopular treaty with England, the Jay treaty, and the anti-Federalists, who were coming to be called the Republicans, not only opposing Hamilton's domestic program but expressing sympathy for the French.

There were at this time no nominating conventions such as we have now, the candidates being named by party caucuses in Congress. The Federalists endorsed John Adams for another term and named as his running-mate C. C. Pinkney. The Republicans endorsed Thomas Jefferson and Aaron Burr. The Federalists were badly split during the campaign. Hamilton did not like John Adams and he and his followers had engaged in intrigues against the president for some time. Hamilton had wild military plans. He tried to get the army into his hands and proposed a movement against the Spanish colonies in South America. Adams refused to accept Hamilton's leadership and nipped some of his plans in the bud. Hamilton responded by hatching a plot to have the Federalist electors vote for Pinkney rather than Adams, for president. His opposition to Adams probably weakened the Federalist cause. Adams received sixty-five votes and Pinkney sixty-four. Each of the electors voted for two men without designating which should be president and which vice-president. The votes of Adams and Pinkney would have been the same, therefore, had not one of the electors, fearing a trick against Adams, voted for him without voting for Pinkney. Jefferson and Burr each received seventy-three votes.

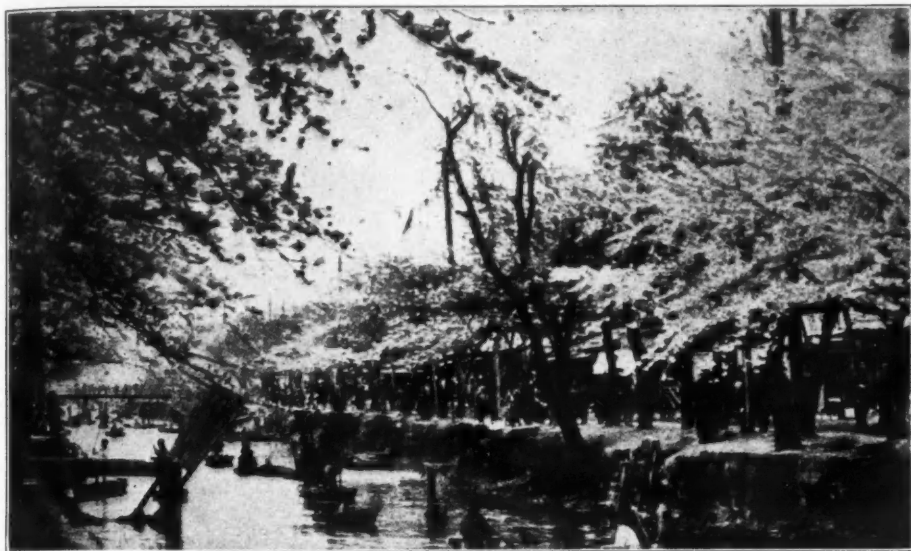
The election then went to the House of Representatives, where the delegation from each state had a single vote. The Federalists controlled the delegations from a majority of states, so it was in their hands to elect either Jefferson or Burr. Many of the Federalists favored the election of Burr, since they wished to defeat Jefferson, the great leader of the Republicans. Alexander Hamilton, however, though despising Jefferson, thought even less of Burr, and he used his influence in favor of Jefferson's election. Federalist leaders conferred with Jefferson and apparently secured some promises of moderation from him and so he was elected. J. S. Bassett concludes his volume on “The Federalists” with this comment on the significance of “the revolution of 1800:”

The downfall of Federalism came because the party had outlived its usefulness. Its function of giving strength to the Union in the early days of “the experiment” had been performed. It was the party of the superior classes, of men who were supposed not to be influenced by passions and who had strong purposes and conservative instincts. It had solved the problems of the effective organization of a new government; but other questions were now at hand concerning internal affairs. Should the people be trusted with a large share of government? The Federalists recoiled at the prejudice and violence of the masses, declaring that incompetence could not be trusted. They sought to restrain the violent; they expressed open contempt; and they developed a party selfishness which they wished others to believe was patriotism. They fell into factions and dreamed mad dreams of expansion, till at last they gave the masterly leader of men who opposed them an opportunity to organize a majority of the people against their supremacy. So much did they bring into contempt the idea of government by the superior classes, that no capable politician since 1800 has dared to place his cause on any other ground than the will of the people.



THOMAS JEFFERSON

© Ewing Galloway



—Courtesy Hamburg American Line

CHERRY BLOSSOM TIME IN JAPAN

MILITARY DOMINATES JAPAN'S GOVERNMENT

(Concluded from page 1)

took the "charter" oath and declared that "an assembly widely convoked shall be established, and all affairs of state shall be decided by impartial discussion, and in the light of public opinion." It was the first step toward liberalism, and it inaugurated a period of political, social and economic progress such as has never been known in the history of any nation. The movement for representative government grew and in 1889 the emperor promulgated a constitution for Japan. Forty years later Japan had become a great world power.

GOVERNMENT

However, the government which was established in Japan was not fully representative in accordance with Western principles. Power remained vested in the person of the emperor. The cabinet of ministers was organized to carry out his commands. They perform administrative duties and are responsible only to the emperor. Parliament cannot force them from office. Until recent years the Parliament, which is composed of a House of Representatives and a House of Peers, was little more than a forum for discussion. The real work of government was carried on by the cabinet under the emperor who kept about him a number of advisers. It was a government by bureaucracy.

Since the war there has been a greater trend toward genuine representative government. In 1925 universal manhood suffrage was established, giving all males over 25 years of age the right to vote. Political parties became more powerful. Cabinets have been formed along party lines, and the emperor has made the prime minister the leader of the dominant party in the House of Representatives. The advisory groups of the emperor who formerly wielded a dominating influence lost in power and party policies came to be followed. There grew up two major political parties, the Minseito which represented the industrial interests and the Seiyukai which represented the landed interests. But these parties are well under the control of financial and business leaders who have furnished the money necessary to support them.

POLITICIANS

The result has been an entanglement of politicians, business men and bankers. The charge is made that, in return for the funds necessary to place them in office, the politicians look after the interests of those who supported them financially. Corrupt practices have been laid at the door of both parties. The militarists complain that the politicians have not the interest of the nation at heart but rather that of big business.

From this account it is apparent that military men have in the past exerted great influence upon the government of Japan. The ancient system of rule by war lords gave to the military man honor, prestige and glory. The tradition of the sword is strong in Japan. The shogun formerly kept himself in power because his army was strong enough to defeat those of his subordinate war lords. The latter, in turn, were more powerful than the samurai or warriors below them. And the commoners were in the power of the samurai. Militarism, therefore, has played a dominant role in the history of Japan. Those belonging to the army and navy can, in an emergency, claim the support of the people without very great difficulty. They accuse the politicians of corrupt practices and state that they only have the interests of the nation at heart.

The economic depression and the relations of Japan and China provided the occasion desired by the militarists. During the critical years of 1930 and 1931, the Minseito Party was in power. Its leaders pursued a policy of peaceful cooperation with China, and favored the reduction of armaments. They signed the London Naval Treaty, which so angered the militarists that a number of naval officers who had represented Japan at London, were forced to commit suicide. The Minseito supported and approved of the Nanking government in China and favored the settling of difficulties by peaceful means. The militarists thought that the task was hopeless and favored military intervention. They were particularly incensed at Foreign Minister Shidehara, who was largely responsible for this liberal policy.

MANCHURIAN EXPANSION

This was the attitude of the militarists toward the government and the politicians. When the depression became severe, and trade with China and the world dropped off to such an extent that Japan, dependent as she is on foreign trade, was badly hurt, the militarists determined to take action. They apparently came to the conclusion that the only salvation for Japan lay in a program of expansion into Manchuria. They thought that if they could bring order to Manchuria, and develop that territory to the extent permitted by its resources, great strength would be lent to the economic system of Japan. They concluded that it was of utmost necessity that Japan take this action if she was to avert total collapse.

The summer of 1931 provided all the incidents and provocation necessary to the militarists for their armed intervention. During the summer

there were riots in Korea in which a number of Chinese were killed. This resulted in a Chinese boycott against Japanese goods. In August a Japanese army captain was killed by Chinese soldiers in Manchuria. In September the Japanese army moved into Manchuria.

The step was apparently taken by the militarists without the consent of the Minseito Party. Although that party controlled the government it could not prevent the events in Manchuria, because, as has been stated, cabinet officers are not responsible to the parliament but only to the emperor. And, by gaining the consent of the emperor, the military could do as it willed. So the Minseito Party was forced to put up with the situation in Manchuria.

In December, the Minseito Party gave way to the Seiyukai, and Ki Inukai became premier. The Seiyukai Party had the reputation of being more friendly toward the militarists than the Minseito. It has even been called the militarist party. The change, however, does not seem to have been caused by the militarists, but rather by internal politics. Financial interests objected to Finance Minister Inouye's fiscal policies and advocated abandonment of the gold standard in order to compete with British trade. This the Seiyukai did as soon as it took over the government.

ATTITUDE OF MILITARISTS

But while it may be said that the Seiyukai is more friendly to the militarists than the Minseito, it is not necessarily true that the militarists feel better disposed toward either one or the other. The army and navy seem to be against all political parties and against all politicians. It was the desire of the Fascists, who assassinated Premier Inukai, to "purify politics," that is, to take matters relating to national policies, out of the hands of the politicians.

The attitude of the militarists toward the politicians is shared by a large number of people in Japan. Prior to the restoration of 1867, public officials had a very low social standing. They were not at all well regarded by the people. To some extent this tradition has remained and the average man is apt to look down upon the politician and up to the military man.

The Japanese people are evidently supporting the militarists at the present time. The army and navy promise action, and the people ardently desire that something be done. Many of them believe that the completion of the conquest of Manchuria

is necessary to their future security. They look to the militarists to give them this, not to the politicians whom they are inclined to distrust.

WORLD CONFERENCE

Definite plans for an international conference to discuss major economic problems are now under way. The British government is sponsoring the plan which, it is thought, will result in the convocation of a conference in London sometime after the Lausanne parley on reparations and the Imperial Conference of the British Empire to be held in Ottawa in July. The United States, through the usual diplomatic channels, that is, through Ambassador Mellon, has expressed its willingness to participate, provided that the question of war debts is not included among the topics to be discussed. The British government is now striving to obtain the cooperation of European nations in this matter.

The principal object of the proposed economic conference would be to discuss possible international action to raise the price of commodities. The unprecedented decline in value of the major commodities entering into foreign trade has been and continues to be one of the major problems of the depression. And while the United States is undertaking by an aggressive policy of the Federal Reserve Banks to bring about a rise in price in this country, the entire question is admittedly international in scope and effective results may be attained only by concerted action on the part of all nations. Many of the smaller nations have repeatedly pointed out that they should like to embark upon a program, but feel that it would be useless so long as nothing is done by other countries.

The desirability of holding such a conference has been under discussion in Great Britain for some time. Early in May, Winston Churchill, prominent British politician and writer, raised the question in the House of Commons following his visit to the United States. Other British statesmen have fallen in line and the government has been working with a view to obtaining the support of the United States and other nations.

The Young Committee of bankers and industrialists, recently organized in New York City for the purpose of cooperating with the Federal Reserve Board in devising means to start an upward trend in business, has been deferring definite action pending the outcome of the budget-balancing conflict in Congress. In fact, the committee felt that any steps it might undertake would be futile unless the financial stability of the government were assured by a balanced budget.



—Photo by Lionel Green

RICE FIELD IN JAPAN

The cultivation of rice is one of the principal agricultural industries of Japan. But despite its extensive growth rice must generally be imported to feed the swelling population.

Oil Producers Try to Fix Prices Through International Agreement

Depressed Condition of Industry Moves Americans to Cooperate With Foreign Producers in Seeking Higher Prices and Solution of Other Problems

On May 16, New York was the meeting place of the first international petroleum conference ever held. Representatives from the largest oil companies throughout the world attended the meeting. They were from the five leading oil-producing countries, the United States, Venezuela, Russia, Persia and Rumania which produce over 95 per cent of the world's petroleum each year. The conference extended over a period of ten days. Its purpose was to attempt to agree upon certain stabilization plans for the oil industry, to arrest the drastic decline in prices and to check the overproduction of petroleum.

Foreign oil markets have been generally demoralized for several years. One of the most disturbing influences is said to be Russian petroleum, which has been sold at prices under those usually prevailing. A large part of the discussion at the conference was devoted to this problem. A proposal was made whereby the surplus Russian oil would be purchased by the companies of other countries during the next ten years. This would mean a withdrawal of Russia from the world oil markets. If this agreement is entered into, it is understood that the amount of petroleum involved will be equally divided among the other nations. While no concrete arrangements were made known to the public at the termination of the conference, it is expected that some sort of world coöperation may develop from the meeting.

However, as the United States produces over 60 per cent of the world's total of petroleum, it is generally agreed that much can be done within our own country to deal with the crisis that has arisen in the oil industry. The utilization of oil began in this country, and the development of it as a major factor in the modernization, progress and wealth of the world has been American. Oil products have revolutionized transportation, power, manufacturing, heating, lighting, and distribution. Its products have been the great determining agent in the growth of vast sections of the United States. The economic structures of Southern California, Oklahoma, Texas, and Kansas, and, to some extent, of Arkansas, Louisiana and New Mexico are largely based on oil. It brought Pennsylvania, Ohio, West Virginia, Wyoming,

and some other sections, much wealth and consequent prosperity. Its chief product, gasoline, made the automobile, the airplane and airship possible.

The potential oil supply of the United States at present is more than 2,000,000,000 barrels a year. The actual production last December was on the basis of 900,000,000 barrels a year. On January 1, 1930, there were 7,000 companies, partnerships and individuals producing oil in the United States. The total investment in the oil industry is \$12,000,000,000. In average times 1,500,000 men are employed, and the wages paid are \$2,500,000,000 a year.

Unlike nearly all other industries there is an increasing rather than a diminishing demand for its products through these lean years of depression. It has an unlimited supply of raw material, with more than adequate producing, manufacturing and distributing facilities. And yet the industry is in the midst of chaos. Prices have fallen at a tremendous rate, shareholders of large companies are losing billions of dollars and the industry as a whole has lost money instead of making it. What is the answer to this paradox? Overproduction of oil, overproduction of gasoline, and reckless multiplication of selling outlets and ruinous competitive methods between the major oil companies and the independent producers are the answers given by most experts in this industry.

In speaking before the Mid-Continent section of the American Petroleum Institute at Drumright, Oklahoma, a short time ago, Mr. Clarel B. Mapes, of the Mid-Continent Oil and Gas Association said: "Many in the petroleum industry probably feel that the main cause of our difficulties can be charged to the now generally depressed conditions throughout the world. As a matter of fact, and differing from that conclusion, statistical analyses show that the petroleum industry has suffered very little from general business conditions."

Several states are taking action to curb the amount of production within their territory. Measures for curtailment have been made effective in Oklahoma, Texas and California. Certain other oil-producing states are considering plans to control production and it is thought that this movement for coöperation will help the industry.



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MILWAUKEE—THE MAIN BUSINESS THOROUGHFARE

This Wisconsin city has an enviable reputation for good government.

Milwaukee Maintains Financial Stability by Following Definite Planning Program

The city of Milwaukee, Wisconsin, has won an enviable reputation for itself because of the soundness of its financial position in this time of depression. While other large cities, notably Philadelphia and Chicago, seem on the verge of bankruptcy, Milwaukee has a surplus in the treasury. Its unemployment situation is less critical than that of other cities, and ample funds are provided for the care of people who have no work. Other cities may have to make drastic increases in taxes to meet the emergencies which have arisen, but Milwaukee is looking forward to the lowering of taxes.

This record for good government is claiming a great deal of attention throughout the country. For instance, Lothrop Stoddard writing in the June *Forum*, states:

To begin with, Milwaukee is almost one hundred per cent efficient. Its courts deal out even-handed justice, and do it with record speed. Every branch of the public service is run honestly, economically, and well.

But, in addition to all this, Milwaukee is one hundred per cent solvent. Last year (of all years!) it paid every bill and salary, spent almost lavishly for unemployment relief, and closed its books at the end of last December with a bank balance of nearly \$4,000,000.

Aside from this, the position of Milwaukee is unique by the fact that the government is at present in the hands of Socialists. On April 19, this party gained control of the city council. Of course, Milwaukee's record has not been made within this brief period. The city rests on a firm foundation built over a period of years. However, the Socialists have always had considerable influence in the government. The Mayor, Daniel W. Hoan, is a Socialist, and has proved himself such an able executive that he has been kept in office for fifteen years. Much of the credit for the progress the city has made is due to its mayor.

Now that his party has come into power, Mayor Hoan is setting about to execute an extensive program of further progress. He intends to continue operating the government along the established principles of city planning, rigid economy and the absence of corruption. He will con-

tinue his policy of "pay as you go" in meeting the expenses of the city. The mayor believes firmly that it is much better to run the city on a cash basis than to undertake heavy bonded indebtedness, a burden to future generations. In proof of the soundness of this policy the mayor has stated that in Milwaukee, out of each dollar collected in taxes, only eighteen cents are used to pay off debts, while in New York forty-two cents must be used. This amounts to a saving of twenty-four cents of each tax dollar. With such economies, Milwaukee has been able to meet its expenses with cash, while other cities have issued bonds.

But this does not satisfy Mayor Hoan and his Socialist Party. Plans have been laid for ambitious reforms designed to effect further economies in government. It is expected that the city will go into the banking business by establishing a municipal bank. There will be a six-hour day for employees of the city, and the municipal government is planning to take over the public utilities.

In some cases the city intends to go into the retail business, and to dispense such necessities as milk and fuel to the citizens at greatly reduced cost. These necessities are to be given the status of public utilities, and they will be made available to all at a low rate. The following words of Mayor Hoan's will serve to illustrate the manner in which he looks at the problem. Speaking of the milk supply he said:

I further believe that the council would do well to investigate the distribution of our milk supply. It is now a virtual monopoly, controlled by outside capital. If you find that both farmers and citizens can be better protected by municipal control, then why not proceed to take over this business? This will not affect the tax rate but will be maintained out of the earnings from the business itself.

The dispute between Paraguay and Bolivia over the Chaco district of South America continues to be one of the most serious threats to peace between those two countries. For some time, efforts have been made to secure the participation of both nations in a non-aggression treaty which has been drafted in Washington by representatives of Latin American countries. Reports from Bolivia last week, however, indicated that that country was unwilling to sign the pact in the form in which it was drafted. One of the principal objections of the Bolivian government appears to arise from the provision that future negotiations over the Chaco question shall be conducted in Buenos Aires instead of Washington.



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AN OIL FIELD NEAR LONG BEACH, CALIFORNIA, ONE OF THE RICHEST IN THE WORLD.